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Economic and Social Council

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5 April 1990

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COMMISSION ON TRANSNATIONAL CORPORATIONS
Sixteenth session
2-11 April 1990
Agenda item 6

TRANSNATIONAL CORPORATIONS IN SOUTH AFRICA AND NAMIBIA

Mali*+: draft resolution

Activities of transnational corporations in South Africa

The Economic and Social Council,

Recalling its previous resolutions on the activities of transnational corporations in South Africa - in particular, resolution 1988/56 of 27 July 1988 - in which it urged all transnational corporations to stop immediately all forms of collaboration with the racist minority régime in South Africa and called for specific actions by Member States and transnational corporations to end such collaborations,

Noting with grave concern the brutal perpetuation of the inhuman system of apartheid in South Africa and the continued denial of the civil and political rights of the majority of the population in that country,

Welcoming the recent Declaration on Apartheid and its Destructive Consequences in Southern Africa, adopted by the General Assembly at its sixteenth special session, which offers guidelines on how to end apartheid in a peaceful manner, 1/

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* On behalf of the States Members of the United Nations that are members of the Group of African States.

\+ In accordance with rule 69 of the rules of procedure.

1/ Resolution S-16/1 of 2 February 1990.

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Bearing in mind the fact that continued investments, trade, technological co-operation, and other forms of covert or overt activity by transnational corporations inside and outside South Africa provide sustenance to apartheid,

Noting with deep regret the unfriendly act of the Government of the United Kingdom of Great Britain and Northern Ireland to lift unilaterally the ban of the Commission of European Communities on new investments in South Africa, contrary to the political consensus agreed in the Declaration on Apartheid and its Destructive Consequences in Southern Africa that existing measures aimed at encouraging the South African régime to eradicate apartheid should not be relaxed until there was clear evidence of profound and irreversible change,

Further noting with deep regret the unprincipled act of the Government of Hungary, representing a founder member of the Special Committee against Apartheid, to initiate commercial and economic contacts with the apartheid régime of South Africa,

Recalling that some transnational banks and other international financial institutions have rescheduled South African loans in contemptuous disregard for the overwhelming interest of the international community to dismantling apartheid peacefully and speedily,

Further recalling that some transnational companies have faked their departure from South Africa by maintaining non-equity links with former subsidiaries, such as franchises, licenses and royalty agreements,

Having examined the report of the Secretary-General on the activities of transnational corporations in South Africa and on the responsibilities of home countries with respect to the transnational corporations operating in South Africa in violation of the relevant resolutions and decisions of the United Nations, 2/

1. Reiterates its abhorrence of apartheid, which is a crime against humanity, and condemns the South African régime for its perpetuation of apartheid, and for its direct and indirect acts of military and economic destabilization of the neighbouring independent States;

2. Welcomes the emerging political climate in South Africa which has the potential to create an atmosphere conducive to negotiations aimed at the eradication of apartheid and creation of a non-racial, democratic and united South Africa;

3. Urges the Government of South Africa to work speedily to create conditions necessary to establish genuine democracy in South Africa, based on the guidelines provided in General Assembly Declaration on Apartheid and its Destructive Consequences in Southern Africa; 1/

2/ See E/C.10/1990/8.

4. Condemns those transnational corporations that continue to collaborate with the racist minority régime in South Africa, in defiance of resolutions of the United Nations, international public opinion and, in many cases, in violation of measures adopted by their home countries;

5. Welcomes as an initial step the measures taken by certain Governments to impose restrictions on investments, bank loans and other economic activities in South Africa, and the divestment by certain transnational corporations of their equity investments in South Africa;

6. Deeply regrets that the measures taken so far fall short of the comprehensive and mandatory sanctions against the racist régime in South Africa called for in relevant resolutions of the General Assembly;

7. Calls upon the Governments of home countries of transnational corporations to implement fully the provisions of Economic and Social Council resolution 1988/56 and to consider adopting further measures to prohibit all forms of collaboration by transnational corporations with the racist minority régime in South Africa, including not only direct investments but also services, non-equity forms of business arrangements, technology licensing, distribution and franchising agreements and other such activities;

8. Condemns the decision of the Government of the United Kingdom of Great Britain and Northern Ireland to lift unilaterally the ban of the Commission of European Communities on new investments in South Africa, which serves to embolden the apartheid régime to entrench apartheid at this critical moment in the struggle for democratic change in South Africa;

9. Calls upon the Government of the United Kingdom of Great Britain and Northern Ireland to rescind its decision without delay;

10. Condemns the reprehensible decision of the Government of Hungary to initiate commercial, economic and political links with the apartheid régime, a move completely inconsistent with the principled stand that Government has been known to take in such matters;

11. Calls upon the Government of Hungary to return to its traditional position of opposing racism and abandon any links with the apartheid régime which will serve to provide sustenance to the apartheid régime;

12. Urges all transnational corporations to stop immediately any operations in South Africa and all forms of trade and economic links with the racist minority régime;

13. Calls upon all multilateral financial and development institutions to cease immediately any kind of support or other forms of collaboration with the racist régime in South Africa;

14. Requests the Secretary-General to undertake speedy implementation of paragraph 9 of Council resolution 1988/56 and to report the results thereof to the Commission on Transnational Corporations at its seventeenth session;

15. Further requests the Secretary-General:

(a) To continue the useful work of collecting and disseminating information on the activities of transnational corporations in South Africa, including the compiling of a list of transnational corporations still conducting operations there;

(b) To prepare studies on the level and forms of operations by transnational corporations in South Africa, including their non-equity business arrangements and their involvement in particular sectors of the South African economy, and an updated study on the responsibilities of home countries with respect to the transnational corporations operating in South Africa in violation of relevant resolutions and decisions of the United Nations;

(c) To report annually to the Commission on Transnational Corporations, the Economic and Social Council, the General Assembly and the Security Council on the implementation of the present resolution.

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COMMISSION ON TRANSNATIONAL CORPORATIONS
Sixteenth session
2-11 April 1990
Agenda item 12

ACTIVITIES OF THE UNITED NATIONS CENTRE ON
TRANSNATIONAL CORPORATIONS

Bolivia:*+ draft resolution

Activities of the United Nations Centre on
Transnational Corporations

The Economic and Social Council

I

1. Requests the Secretary-General to prepare a report, containing concrete proposals, on the promotion of foreign direct investment in the developing countries, as a complement to domestic investment;

2. Requests the Secretary-General to study, in co-operation with the United Nations Conference on Trade and Development, the interrelationship of investment, trade and development, with a view to identifying measures to ensure that transnational corporations make a positive contribution to the development of developing countries through trade and investment;

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* On behalf of the States members of the United Nations that are members of the Group of 77.

+ In accordance with rule 72 of the rules of procedure of the Economic and Social Council.

II

1. Requests the Executive Director of the United Nations Centre on Transnational Corporations to prepare, based on the provisions of General Assembly resolution 44/228 of 22 December 1989 on the United Nations Conference on Environment and Development in accordance with the requirements established by the Preparatory Committee for the Conference and in co-operation with the United Nations Environment Programme and other relevant organs and bodies of the United Nations, a comprehensive and analytical study for submission to the Commission on Transnational Corporations at its seventeenth session with a view to helping the Commission to make a significant and action-oriented contribution to the preparatory work of the Conference;

2. Also requests the Executive Director of the Centre to give priority focus in the study on the role of transnational corporations to the issue of access to and transfer of environmentally sound technologies to developing countries, on a concessional and preferential basis, in accordance with General Assembly resolution 44/228, including specific and innovative proposals to ensure such transfer and, in co-operation with the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the United Nations Educational Scientific and Cultural Organization, the World Intellectual Property Organization and other relevant organs and organizations of the United Nations system, to investigate other measures that could further encourage and mobilize transnational corporations;

3. Requests the Secretary-General to submit to the Commission on Transnational Corporations at its seventeenth session concrete proposals and recommendations on the establishment of an environment fund financed by transnational corporations;

4. Also requests the Secretary-General to continue the preparation of a directory on hazardous technologies and their safer, cleaner alternatives, pursuant to Economic and Social Council resolution 1989/25 of 24 May 1989;

5. Requests the Secretary-General, after appropriate consultations, to continue to elaborate the criteria for sustainable development management and to provide the Commission, at its seventeenth session, with the operational principles concerning those criteria, pursuant to Council resolution 1989/25;

III

1. Requests the continuation of the work of the United Nations Centre on Transnational Corporations on ways and means of promoting regional economic integration and co-operation among developing countries through joint ventures, on the potential impact of regional economic integration processes among developed countries and the consequent impact on regional economic integration processes among developing countries, as called for in Council resolutions 1989/21, 1989/22 and 1989/23, all of 24 May 1989;

2. Supports the technical co-operation activities of the Centre and requests the continuation of its efforts to develop its programmes of support for co-operative activities of small and medium-sized enterprises in developing countries;

3. Requests the Secretary-General to prepare further studies on the role of transnational corporations in services and on strengthening the negotiating capacity of developing countries in their dealings with transnational corporations, as well as a report on other ongoing and future research, for submission to the Commission on Transnational Corporations at its seventeenth session;

4. Also requests the Secretary-General to prepare an in-depth and updated report on the role of transnational banks in the reduction of the external debt of developing countries, in particular the changes in tax and other laws and regulations and in accounting and fiscal practices necessary to encourage and implement debt reduction schemes, for submission to the Commission on Transnational Corporations at its seventeenth session;

5. Further requests the Secretary-General to prepare an analytical report on debt-equity swaps, and their positive or negative effects on overall development and foreign direct investment flows of debtor countries, taking into account the experience of countries that have adopted those schemes;

6. Takes note of the suggestion to undertake country-specific studies on the contribution of foreign direct investment to development, with a view to analysing how initiatives of host countries, home countries and international organizations can help in stimulating the flow of investment capital, technology and skills to host countries and identifying proposals for technical assistance designed to support their development objectives, on the understanding that those studies should be undertaken only upon the request of Governments, with their participation and for their use only.

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COMMISSION ON TRANSNATIONAL CORPORATIONS
Sixteenth session
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Agenda item 4 (a)

WORK RELATED TO THE CODE OF CONDUCT ON TRANSNATIONAL CORPORATIONS AND OTHER INTERNATIONAL ARRANGEMENTS AND AGREEMENTS: CODE OF CONDUCT ON TRANSNATIONAL CORPORATIONS

Bolivia:*+ draft resolution

Code of conduct on transnational corporations

The Economic and Social Council,

Noting the efforts so far made on the negotiations on the code of conduct on transnational corporations,

Reaffirming the need to finalize the code of conduct as soon as possible,

Urges all Member States to intensify their efforts to conclude the negotiations on the code of conduct on transnational corporations at the reconvened special session of the Commission on Transnational Corporation on 24 May 1990.

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* On behalf of the States members of the United Nations that are members of the Group of 77.

\+ In accordance with rule 72 of the rules of procedure of the Economic and Social Council.

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COMMISSION ON TRANSNATIONAL CORPORATIONS
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Agenda item 14

DRAFT PROVISIONAL AGENDA FOR THE SEVENTEENTH SESSION OF THE COMMISSION ON TRANSNATIONAL CORPORATIONS

Note by the Secretariat

In accordance with Economic and Social Council resolution 1894 (LVII), the following draft provisional agenda has been prepared on the basis of existing legislative authority. The draft provisional agenda for the seventeenth session of the Commission will be completed at the present session in the light of resolutions and decisions adopted by the Commission and will be submitted to the Economic and Social Council for review, in accordance with Council resolution 1979/41.

1. Election of officers.

2. Adoption of the agenda and organization of work.

3. Recent developments related to transnational corporations and international economic relations.

   Documentation

   Reports of the Secretary-General

4. Transnational corporations and issues relating to the environment.

   Documentation

   Report of the Secretary-General

5. Role of transnational corporations in services including transnational banks.

Documentation

Reports of the Secretary-General

6. Ongoing and future research.

Documentation

Report of the Secretary-General on research results and current and future programmes

7. Work related to the code of conduct on transnational corporations and other international arrangements and agreements.

Documentation

Report of the Secretary-General on the progress made in the work on the code of conduct on transnational corporations

Report of the Secretary-General on other international, regional and bilateral arrangements and agreements related to transnational corporations

8. Transnational corporations in South Africa.

Documentation

Report of the Secretary-General

9. International standards of accounting and reporting.

Documentation

Report of the Intergovermental Working Group of Experts on International Standards of Accounting and Reporting on its ninth session

10. Strengthening the negotiating capacity of developing countries in their dealings with transnational corporations.

Documentation

Report of the Secretary-General on experience gained in technical co-operation activities

11. Comprehensive information system.

Documentation

Report of the Secretary-General

12. Activities of the United Nations Centre on Transnational Corporations.

Documentation

Report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations and the activities of the joint units established with the regional commissions

13. Provisional agenda for the eighteenth session of the Commission.

14. Adoption of the report of the Commission on its seventeenth session.

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COMMISSION ON TRANSNATIONAL CORPORATIONS
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Agenda item 12

ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

Draft resolution submitted by the Chairman as a result of informal consultations held on draft resolution E/C.10/1990/L.5

Activities of the United Nations Centre on Transnational Corporations

The Economic and Social Council,

I

1. Requests the Secretary-General to prepare a report containing concrete proposals on ways of promoting foreign direct investment as a complement to domestic investment in the developing countries, giving due consideration to the special needs of the least developed countries;

2. Also requests the Secretary-General to study, in co-operation with the United Nations Conference on Trade and Development and other organizations, the interrelationship of investment, trade and development, with a view to identifying ways and means to encourage and enhance the contribution of transnational corporations to the development of developing countries through trade and investment;

II

1. Requests the Executive Director of the Centre on Transnational Corporations to prepare, based on the provisions of General Assembly resolution 44/228 of 22 December 1989 on the United Nations Conference on Environment and Development, in accordance with the requirements that have been or will be

established by the Preparatory Committee of the Conference, in co-operation with the United Nations Environment Programme and other relevant organs and bodies of the United Nations, and in consultation with the Secretary-General of the Conference, a comprehensive and analytical study for submission to the Commission on Transnational Corporations at its seventeenth session with a view to helping the Commission make a significant and action-oriented contribution to the preparatory work of the Conference;

2. Also requests the Executive Director of the Centre to give priority focus in the study to the role of transnational corporations and other commercial entities of similar nature to the issue of access to and transfer of environmentally sound technologies to developing countries, in accordance with General Assembly resolution 44/228, particularly the provisions of paragraph 15 (m), and including specific and innovative proposals to strengthen such transfer, and in co-operation with, inter alia, the United Nations Conference on Trade and Development, the United Nations Industrial Development Programme, the United Nations Environment Programme, the United Nations Educational, Scientific and Cultural Organization, the World Intellectual Property Organization, and other relevant organs and organizations of the United Nations system, to investigate the issue as well as other measures that could further encourage and mobilize transnational corporations and other commercial entities of similar nature, to protect and enhance the environment in its relationship to development;

3. Takes note with appreciation of the report of the Secretary-General on transnational corporations and issues relating to the environment, including the Criteria for Sustainable Development Management (annex I of the report), and requests the Executive Director of the United Nations Centre on Transnational Corporations, in co-operation with the Executive Director of the United Nations Environment Programme and other relevant organs and bodies of the United Nations, and in consultation with the Secretary-General of the United Nations Conference on Environment and Development, and taking full account of other ongoing work, to continue examination, pursuant to Economic and Social Council resolution 1989/25 of 24 May 1989 and General Assembly resolution 44/228, of those issues, including concrete ways and means for strengthening the participation of transnational corporations and other commercial entities of similar character in the efforts for environmental protection, issues relating to access to information on cleaner technologies by business enterprises and governmental agencies in developing countries, and to report on the feasibility of financial mechanisms which will encourage transnational corporations and other enterprises of similar character to contribute to the protection and enhancement of the environment of developing countries, and to report to the Commission on Transnational Corporations at its seventeenth session with a view to assisting the Commission in its contribution to the Preparatory Committee of the United Nations Conference on Environment and Development;

III

1. Requests the Centre on Transnational Corporations to continue to explore ways and means of promoting regional economic integration and co-operation among developing countries through joint ventures, the potential impact of regional economic integration processes among developed countries and the consequent impact

on regional economic integration processes among developing countries, as called for in Economic and Social Council resolutions 1989/21, 1989/22 and 1989/23, of 24 May 1989;

2. Supports the technical co-operation activities of the Centre for Transnational Corporations and requests it to continue its efforts to develop its programmes of support for co-operative activities of small- and medium-sized enterprises in developing countries;

3. Requests the Centre on Transnational Corporations to prepare further studies on the role of transnational corporations in other services, including financial services, and on strengthening the negotiating capacity of developing countries in their dealings with transnational corporations, and to report on other ongoing and future research, for submission to the Commission on Transnational Corporations at its seventeenth session;

4. Requests the Secretary-General, taking into account the other work being done in the United Nations, to prepare an updated report on the role of transnational banks related to the external indebtedness of developing countries, giving particular attention to the obstacles and problems that transnational banks have faced with regard to debt reduction, to be considered by the Commission on Transnational Corporations at its seventeenth session;

5. Further requests the Secretary-General to prepare an analytical report on "debt-equity swaps", taking into account the work already carried out by the Centre, on the effect that swaps could have on foreign direct investment and overall development of host countries, taking into account the experience of countries that have adopted such schemes;

6. Takes note of the suggestion to undertake country-specific studies on the contribution of foreign direct investment to development, with a view to analysing and stimulating the flow in investment capital, technology and skills to host countries and identifying proposals for technical assistance designed to support their development objectives, on the understanding that those country studies should be undertaken only upon the request of Governments, with their participation and for their use only;

IV

1. Takes note of the agreed Conclusions on Accounting and Reporting by Transnational Corporations, 1/ prepared by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and further notes that the conclusions can be useful for both preparers and users of financial statements;

1/ United Nations publication, Sales No. E.88.II.A.18.

2. Commends the Working Group on its work on international standards of accounting and reporting and calls upon the Secretary-General to ensure that, without affecting other activities, resources are available for the effective implementation of the work of the Group and the Centre on international accounting and reporting.